

S&P Dow Jones Indices

A Division of **S&P Global**

Index Dashboard: Dispersion, Volatility & Correlation

30 November 2018

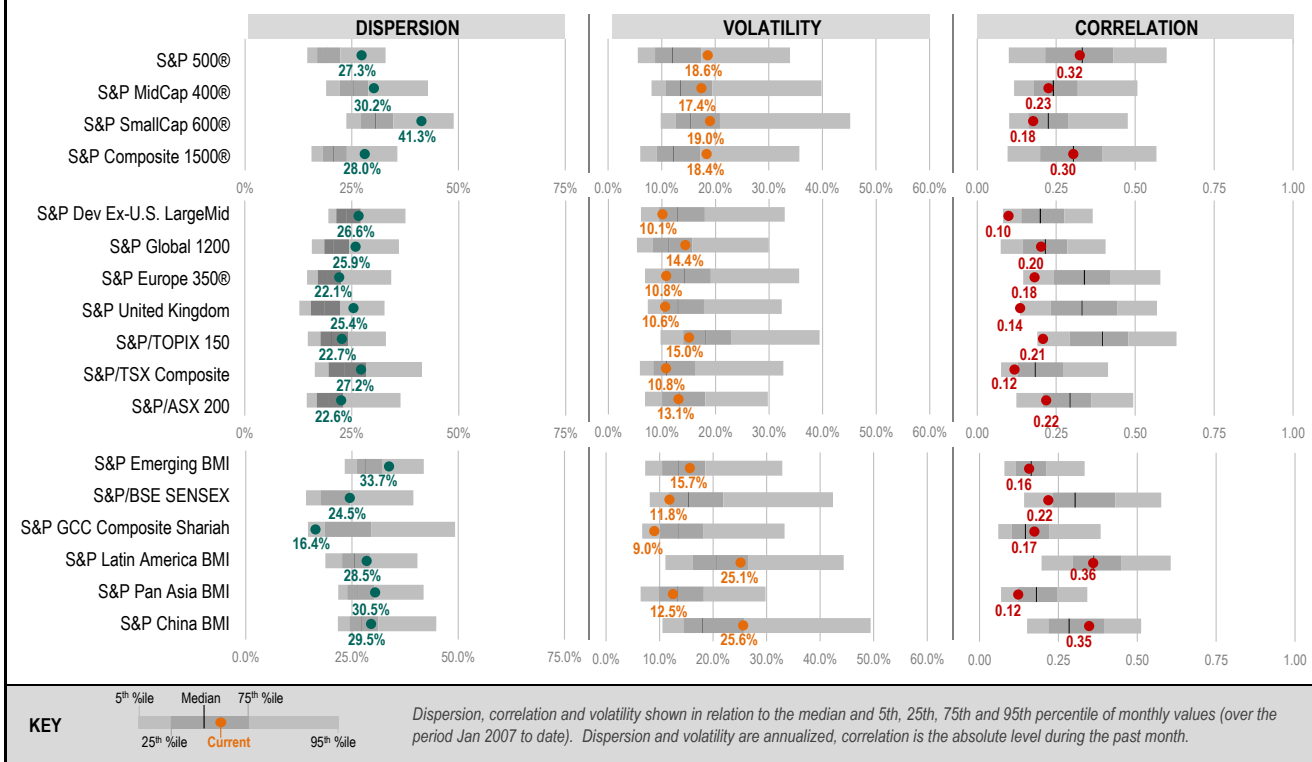
COMMENTARY

S&P 500 index dispersion rose in November to its highest monthly level in two years. However, the volatility of the index decreased as intra-index correlations declined.

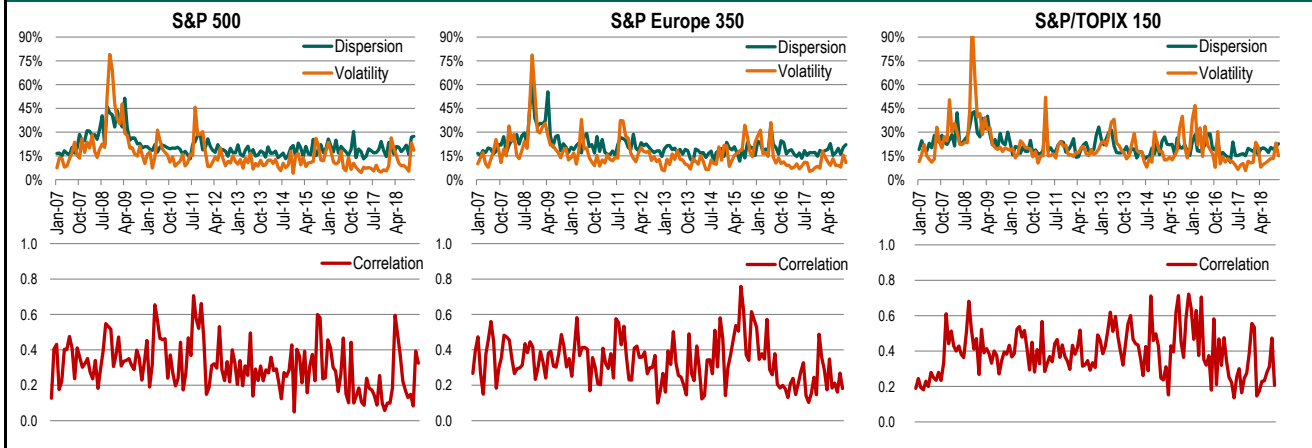
Dispersion also increased this month across U.S. equity cap ranges, and in the S&P Developed Ex-U.S. BMI. The largest proportional increase in dispersion was in the S&P United Kingdom Index, where, accompanied by a series of ministerial resignations and a failed challenge to oust PM Theresa May, dispersion rose from 17% to 25%.

With the bulk of quarterly earnings reports now completed, markets in December may be more macro-driven than in November. An uncertain Federal Reserve rate hike, strong negative momentum in energy prices, and U.S. -China trade negotiations look set to remain top of mind until the traditional end-of-year slowdown in volumes.

GLOBAL DASHBOARD



MAJOR BENCHMARKS JAN 2007 TO DATE



Source: S&P Dow Jones Indices as of November 30, 2018

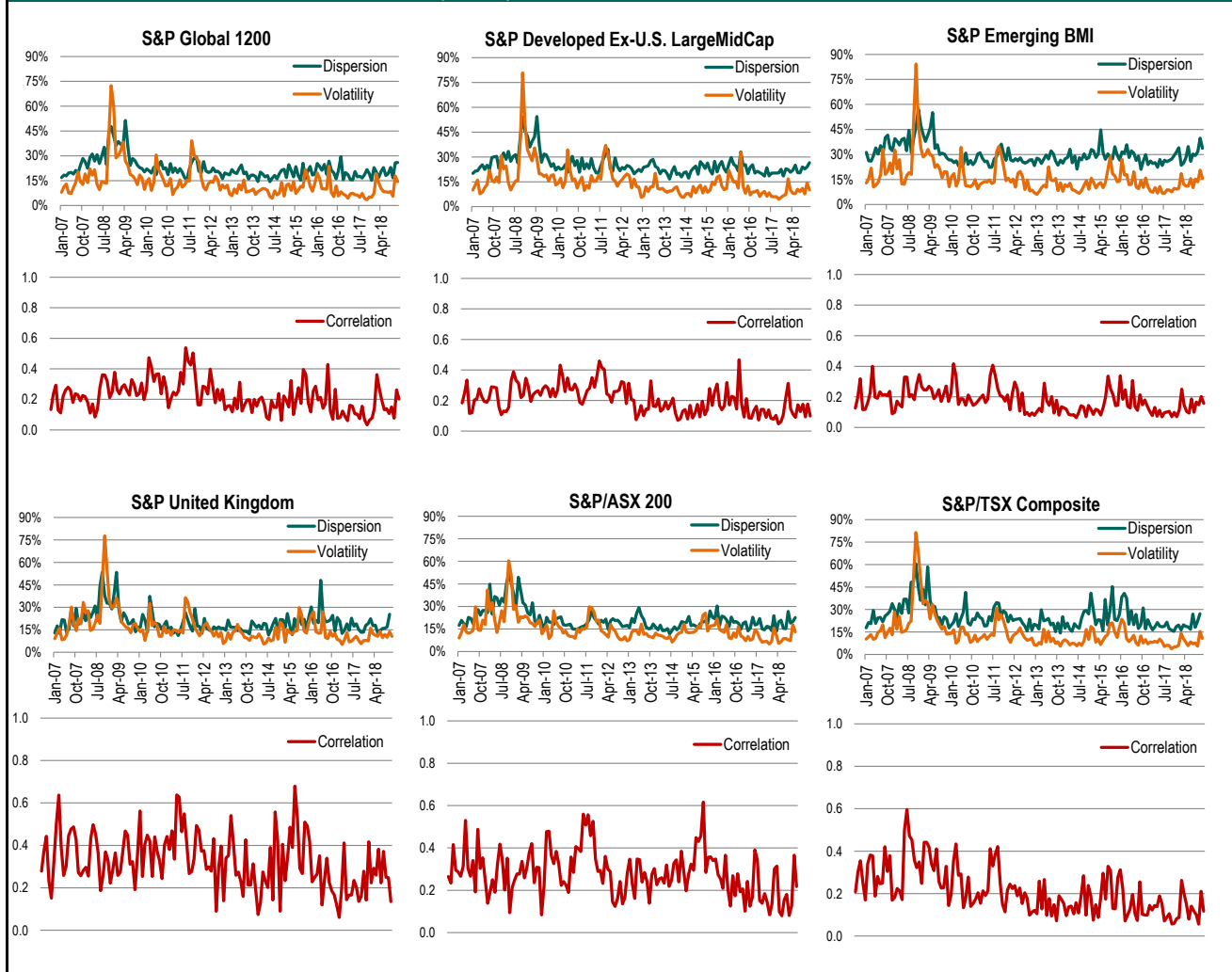
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MAJOR BENCHMARKS JAN 2007 TO DATE (cont'd)



NOTES

Definitions

Dispersion for each index is the annualized, index-weighted standard deviation of the index constituents' full-month total returns. See "[Dispersion: Measuring Market Opportunity](#)" for a formal definition of dispersion and more information on its uses.

Correlation for each index measures the correlation among the daily returns of the index constituents during the month, calculated via the ratio of index variance to the index-weighted average constituent variance. See "[At the Intersection of Diversification, Volatility and Correlation](#)" for a more detailed explanation of the calculation.

Volatility for each index is the annualized standard deviation of daily index price returns during the month. See "[The Landscape of Risk](#)" for details on the relationship of correlation, volatility and dispersion.

Historical Measurement Periods

The time period over which the median and percentiles of dispersion and correlation are measured begins with January, 2007 and ends with the current month except in the case of the S&P GCC Composite Shariah (which has a history to April, 2007).

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